WASCANA CENTRE AUTHORITY

REGINA, SASKATCHEWAN

FINANCIAL STATEMENTS
MARCH 31, 2004

VIRTUS GROUP

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Wascana Centre Authority** have been prepared by the Organization's management in accordance with Canadian generally accepted accounting principles and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.

Arleen Hynd
Acting Executive Director

Don Pho
Director of Administrative Services

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105-02782/

Chartered Accountants & Business Advisors LLP

AUDITORS' REPORT

To the Members,

Wascana Centre Authority

We have audited the balance sheet of **Wascana Centre Authority** as at **March 31, 2004** and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at **March 31, 2004** and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The previous year's financial statements were audited by other accountants.

Regina, Saskatchewan

June 02, 2004

Virtus Group LLP

Chartered Accountants

200-133 3rd Avenue North
Saskatoon, Saskatchewan S7K 2H4
Telephone 306-653-6100 Fax 306-653-4245
Toll Free 1-888-285-7677
Email virtus.saskatoon@virtusgroup.ca
Firm Website: www.virtusgroup.ca

Central Park Place, 200-2208 Scarth Street
Regina, Saskatchewan S4P 2J6
Telephone 306-522-6500 Fax 306-522-6222
Toll Free 1-888-258-7677
Email virtus.regina@virtusgroup.ca

Wascana Centre Authority

Statement of Financial Position

As at March 31, 2004, with comparative figures for 2003

	2004	2003
Assets		
Current assets		
Cash and term deposits	$ 450,716	$ 847,968
Accounts receivable	53,369	124,252
Inventory	3,312	3,707
Prepaid expenses	24,039	23,957
	531,436	999,884
Property, plant and equipment (note 3)	2,639,730	2,667,011
	$ 3,171,166	$ 3,666,895
Liabilities and Participating Parties' Net Assets		
Current liabilities:		
Accounts payable	$ 250,105	$ 286,478
Early retirement benefits payable (note 4)	5,250	9,800
Deferred revenue	8,924	129,708
	264,279	425,986
Early retirement benefits payable (note 4)	13,450	18,700
Deferred contributions (note 5)	102,124	135,534
Net assets:		
Investment in property, plant and equipment (note 6)	2,639,730	2,667,011
Internally restricted net assets (note 7)	151,583	419,664
	2,791,313	3,086,675
	$ 3,171,166	$ 3,666,895

See accompanying notes to the financial statements.

Approved on behalf of the Authority:

David Bernard Member

Mark Schiffer Member

Wascana Centre Authority

Statement of Operations

Year ended March 31, 2004, with comparative figures for 2003

	2004	2003
Revenue:		
Government of Saskatchewan		
Statutory grant	$ 799,925	$ 756,766
Maintenance grant	1,918,450	1,840,450
City of Regina		
Statutory grant	436,323	412,781
Maintenance grant	826,700	790,000
University of Regina		
Statutory grant	218,162	206,391
Maintenance grant	296,850	283,000
Other operating revenue (Schedule 1)	386,248	456,437
	4,882,658	4,745,825
Expenses:		
Landscape construction (Schedule 2)	550,043	471,605
Landscape maintenance (Schedule 3)	980,673	946,690
Service maintenance (Schedule 3)	864,076	744,499
Indirect costs (Schedule 3)	1,356,510	1,158,299
Specialized services (Schedule 4)	1,183,977	1,184,740
Amortization	242,741	238,005
Other expenses	-	9,831
	5,178,020	4,753,669
Excess of expenses over revenue	$ (295,362)	$ (7,844)

See accompanying notes to the financial statements.

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Wascana Centre Authority

Statement of Changes in Net Assets

Year ended March 31, 2004, with comparative figures for 2003

	Invested in property, plant and equipment	Internally Restricted	Unrestricted	2004	2003
Balance, beginning of year	$ 2,667,011	$ 419,664	$ -	$3,086,675	$3,094,519
Excess of expenses over revenue	(242,741)	-	(52,621)	(295,362)	(7,844)
Net change in investment in property, plant and equipment (note 6)	215,460	-	(215,460)	-	-
Internally imposed restrictions (note 7)	-	(268,081)	268,081	-	-
Balance, end of year	$ 2,639,730	$ 151,583	$ -	$2,791,313	$3,086,675

See accompanying notes to the financial statements.

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Wascana Centre Authority

Statement of Cash Flows

Year ended March 31, 2004, with comparative figures for 2003

Cash provided by (used in):	2004	2003
Operating activities:		
Excess of expenses over revenue	$ (295,362)	$ (7,844)
Items not involving cash:		
Amortization	242,741	238,005
Gain on sale of property, plant and equipment	(4,130)	(31,645)
Decrease (Increase) in accounts receivable	70,883	(68,558)
Decrease (Increase) in inventory	395	(425)
Increase in prepaid expenses	(82)	(9,110)
Decrease in accounts payable	(36,373)	(21,312)
Decrease in early retirement benefits payable	(9,800)	(15,050)
Increase (Decrease) in deferred revenue	(120,784)	119,503
Increase (Decrease) in deferred contributions	(33,410)	45,062
	(185,922)	248,626
Financing activities:		
Purchase of property, plant and equipment (note 6)	(216,686)	(169,855)
Proceeds on sale of property, plant and equipment	1,452	32,463
	(215,234)	(137,392)
Increase (Decrease) in cash and term deposits	(401,156)	111,234
Cash and term deposits, beginning of year	847,968	736,734
Cash and term deposits, end of year	$ 446,812	$ 847,968

See accompanying notes to the financial statements.

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Wascana Centre Authority

Notes to the Financial Statements

Year ended March 31, 2004, with comparative figures for 2003

Note 1. Description of operations

On April 1, 1962, *The Wascana Centre Act* (the "Act") was passed unanimously by the Saskatchewan Legislature. By this Act, the Wascana Centre Authority (the "Authority") was established as a statutory corporate body for the operation of Wascana Centre (the "Centre"). The Government of Saskatchewan (the "Government"), the City of Regina (the "City") and the University of Regina (the "University"), usually referred to as "Participating Parties", became partners in the Wascana Centre Authority.

Under the powers of the Act, the Authority establishes a master plan for the Centre and ensures all developments are consistent with the plan; approves all exterior improvements, including building, service facility and landscape improvements; establishes bylaws; provides special services; undertakes landscape construction and maintains the grounds within the boundaries of the Centre.

The Authority is a registered charity within the meaning of the *Income Tax Act* (Canada) and is exempt from income taxes.

The Authority is economically dependant on the Participating Parties and is financed as follows:

Statutory grants

These funds are provided for in Section 53 of the Act, on the shared basis of 55% by the Government, 30% by the City and 15% by the University to provide the necessary funding for the administrative and general operating expenses of the Authority. The Act also provides that no less than $375,000 of this amount be directed towards landscape construction and service facility construction and restoration on Authority owned land, and service facility construction on land of a Participating Party when the service facility construction is deemed to be of mutual benefit to the three Participating Parties, pursuant to Section 30 of the Act.

Operating grants

Beyond the statutory contribution, operating grants are provided by each of the Participating Parties based on land ownership.

To maintain uniformity throughout the Centre, unit operating costs are established pursuant to Section 37 of the Act and applied as standards for landscape and service maintenance. This ensures that each of the Participating Parties pays its fair share of operating costs for lands located within the Centre, the title for which is held by the respective Participating Parties.

Developments such as buildings, roadways and landscaped areas are the responsibility of the landowner holding title to such developments.

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Note 2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and reflect the following policies:

Revenue recognition

The Authority follows the deferral method of accounting for contributions which include government grants and donations. Where a portion of a grant relates to a future period, it is deferred and recognized in the related period.

Revenue from fees, contracts and sale of goods and services are recognized when the services are provided or the goods are sold.

Property, plant and equipment

Purchased assets are recorded at cost. Property, plant and equipment originally contributed by the Participating Parties at incorporation have been recorded at a nominal value of $1. In accordance with the Act, specifically designated expenditures that are incurred for landscape construction on public land and construction of service facilities on Authority land or on land of the Participating Parties are expensed.

Amortization is provided on the straight-line basis over the following periods:

Buildings	20 years
Equipment	5 - 10 years
Vehicles	5 - 8 years
Office furniture	10 years

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Note 3. Property, plant and equipment

	Cost	Accumulated Amortization	2004 Net Book Value	2003 Net Book Value
Assets from Participating Parties	$ 1	$ -	$ 1	$ 1
Land	1,669,895	-	1,669,895	1,669,895
Buildings	3,885,468	3,698,689	186,779	227,162
Equipment	2,212,348	1,579,902	632,446	591,794
Vehicles	573,776	486,433	87,343	114,433
Office furniture	254,261	190,995	63,266	63,726
	$ 8,595,749	$ 5,956,018	$ 2,639,730	$ 2,667,011

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Note 4. Early retirement benefits payable and retirement incentive program

Amounts owing under an early retirement program introduced in 1993 are as follows:

	2004	2003
Bridge benefits payable to early retirees until year 2009	$ 18,700	$ 28,500
Less current portion	(5,250)	(9,800)
Long-term portion	$ 13,450	$ 18,700

Estimated annual payments are as follows: 2005 - $5,250; 2006 to 2008 - $4,200; 2009 - $850

A retirement incentive program was introduced in 2002, whereby twelve employees would become eligible to receive an incentive payment of $25,000 for retirement upon reaching either 60 years of age, or achieving 35 years of pensionable service. To date three employees have become eligible and have declined. One employee in 2005, two in 2006, two in 2007 and four in 2008 will become eligible for the payment. The cost of this program, if any, will be recorded in the period payable.

Note 5. Deferred contributions

Deferred contributions represent unspent statutory grants for landscape construction carried forward from year to year. The current balance has been reserved for expenditures on Fine Arts, Master Plan and Waterfowl Park initiatives.

	2004	2003
Balance, beginning of year	$ 135,534	$ 90,472
Add: Amounts received during the year	516,633	516,667
Less: Amounts recognized as revenue during the year	(550,043)	(471,605)
Balance, end of year	$ 102,124	$ 135,534

Note 6. Investment in property, plant and equipment

Investment in property, plant and equipment is calculated as follows:

	2004	2003
Property, plant and equipment, beginning of year	$ 2,667,011	$2,735,979
Purchase of property, plant and equipment	216,686	169,855
Net book value of property, plant and equipment disposed	(1,226)	(818)
Amortization of property, plant and equipment	(242,741)	(238,005)
Property, plant and equipment, end of year	$ 2,639,730	$2,667,011

Change in net assets invested in property, plant and equipment is calculated as follows:

	2004	2003
Net change in investment in property, plant and equipment		
Purchase of property, plant and equipment	$ 216,686	$ 169,855
Net book value of property, plant and equipment disposed	(1,226)	(818)
	$ 215,460	$ 169,037

Note 7. Internally restricted net assets

The Authority has internally restricted amounts set aside for expenditures relating to Waterfowl Park and Fine Arts initiatives and other contingencies. The internally restricted amounts are not available for other purposes without approval by the Participating Parties.

	2004	2003
Balance, beginning of year	$ 419,664	$ 358,540
Transfers to unrestricted net assets	(268,081)	(9,831)
Transfers from unrestricted net assets	-	70,955
Balance, end of year	$ 151,583	$ 419,664

Note 8. Funds designated for future projects

The combined effect of the special reserves described in notes 5 and 7 are as follows:

	Deferred contributions	Internally restricted net assets	2004	2003
Fine Arts reserve	$ 63,000	$ 15,889	$ 78,889	$ 68,889
Waterfowl Park reserve	34,395	27,707	62,102	52,102
Master Plan reserve	37,602	-	37,602	20,718
	134,997	43,596	178,593	141,709
Landscape construction surplus (deficit)	(32,873)	-	(32,873)	37,421
Contingency fund	-	107,987	107,987	376,068
	$ 102,124	$ 151,583	$ 253,707	$ 555,198

Note 9. Related-party transactions

Included in theses financial statements are expenditures resulting from routine operating transactions with various agencies and departments of the Participating Parties.

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The Authority had the following transactions with related parties:

	2004	2003
Expenses:		
Landscape maintenance	$ 40	$ 140
Service maintenance	183,526	175,424
Indirect costs	114,923	105,160
Specialized services	78,356	94,834
Amounts included in the statement of financial position:		
Accounts receivable	$ 24,556	$ 44,489
Prepaid expenses	19,887	13,658
Accounts payable	65,106	58,020
Deferred revenue	8,924	129,708

During the year, the Authority incurred expenses of $ 452,339 (2003 -$ 254,081) for services provided to the Participating Parties and outside agencies on a contractual basis that were fully recovered from the Participating Parties and outside agencies.

Note 10. Financial instruments

Fair Value:

The fair value of the Authority's accounts receivable, accounts payable and early retirement benefits payable approximate their carrying amounts due to their short term nature.

Credit Risk:

The Authority is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, the Authority has adopted credit policies, which includes the analysis of the financial position of its customers and the regular review of their credit limits. The Authonty incurred insignificant bad debt expense during the past three years.

Note 11. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation in the current period.

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Schedule 1-Other Operating Revenue

Year ended March 31, 2004, with comparative figures for 2003

	2004	2003
Centenary Grant Program	$ 141,650	$ 141,650
Service maintenance contracts	82,700	82,700
Centennial Summer Student Employment Program	56,000	91,000
Rent	27,138	32,528
Miscellaneous	25,169	17,419
Gift shop revenue (net of cost of goods sold of $68,861; 2003 - $69,142)	23,004	23,281
Interest	18,385	22,063
Ferry boat revenue	7,346	6,731
Parking ticket revenue	4,130	3,123
Other grant revenue	500	4,297
Gain on sale of capital assets	226	31,645
	$ 386,248	$ 456,437

Schedule 2 - Landscape Construction

Year ended March 31, 2004, with comparative figures for 2003

	2004	2003
Wascana Bikeway Phase III	$ 264,668	$ -
Development salaries	100,553	104,025
Speakers' Corner improvements	67,246	1,203
Kramer Corner Landscape	33,974	-
Spruce Island Overlook	23,569	8,360
Wascana Place East Plaza	21,923	127,877
Forestation	12,276	-
Trafalgar Overlook Phase III	11,957	176,114
Small miscellaneous projects	9,093	-
Master Plan Program	3,115	4,404
Lakeshore Drive Landscape	1,669	-
Trails and pathways	-	47,435
Wascana Hill Roadway	-	2,187
	$ 550,043	$ 471,605

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Schedule 3 - Landscape Maintenance, Service Maintenance and Indirect Costs

Year ended March 31, 2004, with comparative figures for 2003

	2004	2003
Landscape Maintenance		
Salaries:		
Irrigated turf	$ 427,497	$ 395,966
Trees and shrubs	194,360	190,439
Flowers, bedding plant, nursery	88,798	67,894
Picnic sites, park furniture, amenities	43,876	34,972
Playing fields	35,863	39,696
Unimproved	33,802	45,196
	824,196	774,163
Materials	156,477	172,527
	$ 980,673	$ 946,690
Service Maintenance		
Salaries:		
Snow removal	$ 185,533	$ 160,615
Survey, engineering	51,876	46,900
Roads, lighting and signs	34,250	35,190
Buildings and washrooms	27,681	28,511
Striping and sweeping	7,998	5,326
	307,338	276,542
Utilities	235,707	190,144
Building repair and maintenance - materials	169,249	133,895
Supplies and materials	85,830	96,511
Insurance	65,952	47,407
	556,738	467,957
	$ 864,076	$ 744,499
Indirect Costs		
Equipment maintenance:		
Salaries	$ 116,844	$ 109,154
Gas, oil and grease	109,838	91,574
Miscellaneous repairs and materials	88,776	94,301
Vehicle and equipment rental, registration and insurance	72,998	61,212
Cost recoveries	(53,261)	(34,899)
	335,195	321,342
Employee benefits (net of cost recoveries of $94,215; 2003 - $66,887)	822,958	647,783
Supervisory salaries	198,357	189,174
	$ 1,356,510	$ 1,158,299

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Schedule 4 - Specialized Services

Year ended March 31, 2004, with comparative figures for 2003

	2004	2003
Greenhouse:		
Salaries	$ 106,248	$ 116,824
Materials	51,512	52,863
	157,760	169,687
Police:		
Salaries	163,273	153,105
Vehicle operation and rental	25,613	23,938
Uniforms, radios and other	7,731	7,974
Parking enforcement and security services	203	195
	196,820	185,212
Public relations:		
Salaries	162,207	166,833
Information and committee programs	45,850	48,002
Art gallery and gift shop expense	17,015	17,769
Photography and printing	9,000	3,180
Display ponds	2,320	2,494
	236,392	238,278
Administration:		
Salaries	394,469	401,404
Regulatory and consulting	45,364	39,656
Telephone	28,153	25,477
Training and travel	25,503	32,230
Photocopying and supplies	24,223	24,404
Data processing	22,954	32,376
Honoraria and association fees	22,027	10,016
Audit	10,286	10,918
Legal expenses	8,883	3,931
Postage and courier services	7,253	7,291
Reference books and subscriptions	3,890	3,860
	593,005	591,563
	$ 1,183,977	$ 1,184,740